

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 95-1000-E - ORDER NO. 98-250

APRIL 6, 1998

IN RE: Application of South Carolina Electric & Gas) ORDER
Company for an Increase in Electric Rates &)
Charges.)

This matter comes before the Public Service Commission of South Carolina (the Commission) on remand from the South Carolina Supreme Court, pursuant to its Order of March 26, 1998. The case was remanded to this Commission for implementation of a settlement agreement (the agreement) between the Commission, South Carolina Electric & Gas Company (SCE&G or the Company), the Consumer Advocate for the State of South Carolina (the Consumer Advocate), and John C. Ruoff, Ph.D.

Under the agreement, the Commission, on remand, is to enter an Order reversing the transfer of depreciation reserves from distribution and transmission plant to nuclear generation plant found in Commission Order No. 96-15, Docket No. 95-1000-E. The parties agreed that the depreciation transfer has had no impact upon rates, and that no party or person shall have any right, duty, obligation, or remedy arising out of the transfer, apart from implementation of the settlement agreement.

Pursuant to the settlement agreement approved by the South Carolina Supreme Court, we hereby reverse the transfer of depreciation reserves from distribution and transmission plant to nuclear generation plant found in Commission Order No. 96-15,

Docket No. 95-1000-E. We also reverse our affirmation of this principle as found in the Order Denying Petitions for Rehearing in the same Docket, Order No. 96-98. The Consumer Advocate and Dr. Ruoff have agreed that their appeal should be dismissed. The Company shall make any accounting adjustments necessary on their books to reflect this reversal, including, but not limited to those adjustments discussed below.

Accordingly, several depreciation rates approved in Order No. 96-15 must be changed and retroactively applied to the effective date of Order No. 96-15, January 15, 1996. The depreciation rate for Nuclear Production must be increased from 1.41% as originally approved in that Order to 2.54%. The Transmission depreciation rate must be decreased from 3.17% as approved originally in Order No. 96-15 to 2.40%. The Distribution depreciation rate must be decreased from 3.81% as approved in Order No. 96-15 to 2.77%. We hereby hold that the new rates as stated above shall be retroactively applied to January 15, 1996, the effective date of Order No. 96-15. We further hold that annual depreciation expense and the balances in accumulated reserves for depreciation for Nuclear Production, Transmission, and Distribution Plant shall be adjusted accordingly. Depreciation rates applicable to other classes of utility property as approved in Order No. 96-15 shall remain in effect. Such rates are as follows: Steam Production – 4.21%, Steam Production (Cope Plant) – 3.15%, Hydro Production – 1.85%, Other Production – 2.98%, General Plant – 8.43% and Common Plant – 4.78%.

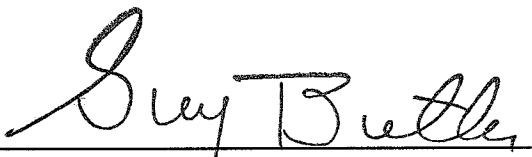
By issuance of this Order, we believe that we have carried out our duties under the Court-approved settlement agreement. It should be noted that, under the settlement agreement, no party intended to convey any inference that its position with respect to

any of the issues raised in the appeal is incorrect, legally or factually. All parties agreed that the resolution of this issue by settlement of the issues raised in this appeal does not represent any kind of concession, admission or the like, nor is it res judicata. We reaffirm this principle by way of this Order.

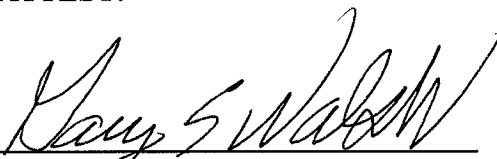
The appeal of the South Carolina Energy Users Committee in Case No. 96-CP-40-861 is unaffected by this settlement, which was intended only to settle circuit court case No. 96-CP-40-992.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


deputy Executive Director

(SEAL)